

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

OMB-01 /066 W

----- 115240

R 201629Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2171

INFO AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 09501

E.O. 11652: GDS

TAGS: PINT, PGOV, UK

SUBJECT: SOCIAL DEMOCRATIC ALLIANCE: GRASS ROOTS MOVE-  
MENT, CIA CONSPIRACY OR MUCH ADO ABOUT VERY LITTLE

SUMMARY - FORMATION OF SOCIAL DEMOCRATIC ALLIANCE, AN ORGANIZATION OF RIGHT WING LABOR PARTY STALWARTS HOPING TO COMBAT THE PARTY'S LEFTIST TENDENCIES AT THE GRASS ROOTS, WAS REPORTED IN JUNE 16 PRESS. INITIAL STORIES WERE FOLLOWED BY FORMAL ANNOUNCEMENT OF NEW GROUP. OVERSEAS DEVELOPMENT MINISTER REG PRENTICE WAS QUICK TO ENDORSE ALLIANCE, AND HOME SECRETARY ROY JENKINS REPORTEDLY WELCOMED IT. WHILE RIGHT-WING LABORITES WERE RESPONDING WARMLY, THE LEFT PERCEIVED A COVERT THREAT. MEMBERS OF THE TRIBUNE GROUP BELIEVES ALLIANCE IS BACKED BY CIA TO COUNTER THEIR INFLUENCE IN LABOR PARTY. IT IS STILL TOO EARLY TO ASSESS FULL IMPLICATIONS OF ALLIANCE, BUT ITS PROSPECTS DO NOT APPEAR ESPECIALLY PROMISING AND ITS ACTIVITIES MAY CONFLICT WITH THE LABOR PARTY CONSTITUTION. ITS FORMATION, HOWEVER, HAS TRIGGERED LATENT PARANOIA IN LABOR'S LEFT-WING. END SUMMARY.

1. JUNE 16 TIMES REPORTED FORMATION OF SOCIAL DEMOCRATIC ALLIANCE.  
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TIC ALLIANCE, A GRASS ROOTS ORGANIZATION OF LABOR PARTY

RIGHT-WINGERS, AT TOP OF FRONT PAGE (TREATMENT IN GUARDIAN WAS MORE MODEST). TIMES CHARACTERIZED ALLIANCE LEADERS AS "LONG-STANDING LABOR MEMBERS" WHO WISH TO "COMBAT WHAT THEY SEE AS THE PARTY'S DISASTROUS SLIDE TO THE LEFT". OVERSEAS DEVELOPMENT MINISTER REG PRENTICE WAS QUOTED AS WARMLY ENDORSING ALLIANCE, AND HOME SECRETARY ROY JENKINS REPORTEDLY WELCOMED ITS FORMATION. PRENTICE SAID: "SOCIAL DEMOCRATIC ELEMENTS WITHIN THE LABOR PARTY NEED TO ORGANIZE IN ORDER TO BECOME MORE EFFECTIVE, SO THIS GETS MY WHOLEHEARTED SUPPORT."

2. INITIAL PRESS REPORTS WERE FOLLOWED BY FORMAL ANNOUNCEMENT OF ALLIANCE'S BIRTH JUNE 17. GROUP CHAIRMAN PETER STEPHENSON (EDITOR OF SOCIALIST COMMENTARY) CLAIMED GROUP WAS LINEAL DESCENDENT OF GAITSKILL'S "CAMPAIGN FOR DEMOCRATIC SOCIALISM" AND DENIED ANY DIRECT LINK WITH PARLIAMENTARY LABOR PARTY'S MANIFESTO GROUP. ALLIANCE SPOKESMEN ALSO CLAIMED SUPPORT OF ABOUT 100 LABOR PARTY STALWARTS AND OFFICE HOLDERS THROUGHOUT UK. BEST KNOWN NAMES, IN ADDITION TO STEPHENSON, WERE VICE CHAIRMAN JOHN O'GRADY (SOUTHWARK BOROUGH COUNCIL LEADER) AND JAMES CATTERMOLLE (NOTTINGHAM COUNCILLOR AND FORMER LABOR PARTY REGIONAL AGENT). CATTERMOLLE, WHO ALSO HELD POSITION IN LABOR IN EUROPE GROUP, WAS APPARENTLY SOURCE OF ORIGINAL STORY.

3. IN JUNE 17 CONVERSATION WITH EMBOFF, TWO MEMBERS PARLIAMENTARY LABOR PARTY (PLP) TRIBUNE GROUP SAID THEY REGARD ALLIANCE AS SERIOUS RIGHT-WING EFFORT AND BELIEVE IT IS SPONSORED AND FUNDED BY CIA. ALLIANCE OBJECTIVE, THEY SUGGESTED, WAS ULTIMATE SUPPRESSION OF LABOR'S LEFT-WING. ASKED TO SUPPORT THIS THESIS, THEY POINTED OUT THAT SOCIALIST COMMENTARY WAS WELL-KNOWN RECIPIENT OF CIA FUNDS AND ASSERTED THAT CATTERMOLLE HAD BEEN CIA AGENT WHILE WORKING AS REGIONAL ORGANIZER. THEY SUPPORTED LATTER CONTENTION BY ALLEGING THAT WHILE CATTERMOLLE RECEIVED ONLY 1500 POUNDS PER ANNUM SALARY, HE BOUGHT NEW ROVER CAR EACH YEAR AND LIVED IN LARGE, EXPENSIVE HOUSE. THEY DISMISSED EMBOFF'S CONTENTION THAT PRESIDENT

JOHNSON STOPPED CLANDESTINE FUNDING OF EN-  
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COUNTER AND OTHER PUBLICATIONS WHEN HE CLOSED PRIVATE FOUNDATION CONDUIT, OPINING THAT CIA HAD MERELY SWITCHED TO OTHER CHANNELS. THEY ALSO INDICATED LEFT-WING HAS HARD EVIDENCE REVEALING FLOW OF CIA FUNDS TO BRITISH TRADE UNIONS (TIME FRAME NOT SPECIFIED) AND SUSPECTS IT FINANCED PART OF RECENT PRO-MARKET REFERENDUM CAMPAIGN.

4. RIGHT-WING LABOR MP'S, HOWEVER, WERE MORE EQUIVOCAL

IN THEIR COMMENTS TO EMBOFF, BUT AT LEAST SOME BELIEVE ALLIANCE COULD MAKE USEFUL CONTRIBUTION IN CONTINUING STRUGGLE BETWEEN LABOR'S RIGHT AND LEFT-WINGS, THOUGH THEY ARE UNCERTAIN IT WILL BECOME VIABLE ORGANIZATION.

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 09501

LABOR PARTY NATIONAL ORGANIZER REG UNDERHILL TOLD EMBOFF THAT ALLIANCE WOULD HAVE TO MOVE WITH CONSIDERABLE CAUTION TO AVOID CONFLICT WITH PARTY CONSTITUTION WHICH LIMITS ACTIONS OF FACTIONAL AND AND SPECIAL INTEREST GROUPS WITHIN PARTY. HE POINTED OUT THAT TRIBUNE GROUP HAD BEEN VERY CAREFUL IN AVOIDING THIS HAZARD. UNDERHILL ALSO EXPRESSED VIEW THAT ALLIANCE IS UNLIKELY TO BECOME SIGNIFICANT FACTOR IN PARTY AFFAIRS.

5. COMMENT: FROM EVIDENCE CURRENTLY AVAILABLE, THERE APPEARS TO BE LITTLE DOUBT THAT ALLIANCE WAS FORMED WITH THE BLESSING OF RIGHT-WINGERS IN GOVERNMENT AND PLP, THOUGH WE ARE INCLINED TO ACCEPT DENIALS OF ANY FORMAL LINKS. ALLIANCE ALSO APPEARS TO ENJOY PRESS FAVOR, ESPECIALLY OF TIMES WHICH IN RECENT WEEKS HAS GIVEN HEAVY

COVERAGE TO SPECULATION ABOUT POSSIBILITY OF "CENTRALIST"  
COALITION AND HAS ADVOCATED ELECTORAL REFORM. ALTHOUGH  
IT WOULD BE PREMATURE TO WRITE OFF ALLIANCE, OUR INITIAL  
ASSESSMENT COINCIDES WITH THAT OF NATIONAL ORGANIZER  
UNDERHILL. AS FOR TRIBUNITES, THE ALLIANCE'S APPEARANCE  
SEEMS TO HAVE INTENSIFIED PARANOID TENDENCIES WHICH WERE  
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HEIGHTENED BY EC REFERENDUM OUTCOME AND RECENT DISCLO-  
SURES REGARDING CIA.

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## Message Attributes

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